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## PROBLEMS

### 1 – THE ANXIETIES AND WORRIES OF MIDDLE AMERICA

Peter Wehner, writing in [Room To Grow](#) (The Conservative Reform Network):

According to a recent Allstate-National Journal Heartland Monitor Poll, the vast majority of Americans (85%) consider themselves part of an expanded definition of middle class that includes lower middle class (26%), upper middle class (12%), and simply middle class (46%). ...

People often think of the middle class in terms of income (from \$39,000 to \$118,000, according to the Pew Research Center). But the broad self-definition suggested by the Heartland Monitor Poll is more telling and more useful. The middle class refers to Americans who do not consider themselves poor or rich, and who can imagine their fortunes turning either way. It is in effect the broad base of the country – where most families are.

The Heartland Monitor Poll also offers a good general sense of contemporary middle-class concerns. It found, as other polls have found, that the dominant mood of the country is anxiety, insecurity, and unease. ... two-thirds of Americans think it is harder to reach the American Dream today than it was for their parents, and three-quarters believe it will be harder for their children and grandchildren to succeed. ...

A rising cost of living amid stagnant wages has a lot to do with these worries and pressures. ... Then there's the matter of upward mobility. Upward mobility is the central moral promise of American economic life; the hallmark of our system is the potential for advancement and greater prosperity rooted in merit and hard work, rather than in the circumstances of one's birth. Yet the odds of moving up or down the income ladder in the United States are roughly the same as they have been for decades. ...

So whom does the public hold responsible for these stifled opportunities? According to Pew, a majority of middle-class adults put most of the blame on the government for the difficulties they have faced in the past ten years, and people blame Congress more than any other institution. ...

Among the public, then, there is a very deep sense of unease and apprehension. Ground that people once believed was stable is seen as crumbling, and many Americans seem unsure what to make of it. But one thing they do believe: Right now politics is out of touch with what they're experiencing. We're witnessing a collapse of trust in government, most especially the federal government, and when it comes to Republicans and Democrats, the public's attitude is: A pox on both your parties. ...

*Trend Analysis That Builds Business Decisions*

## 2 – POLITICAL, SOCIAL, CULTURAL DECOMPOSITION

Matthew Continetti, writing at [freebeacon.com](http://freebeacon.com):

[The welfare state] is not to blame for the political, cultural, and social decomposition of America. And I am afraid decomposition is the word: Political, since the influence and strength and size of our parties is in decline as polarization widens. Cultural, because the “[revolt of the public](#)” and the explosion in content has revolutionized and balkanized the way Americans read the news and experience culture. Social, for [the reasons Brooks mentions](#) but also for the rising salience of ethnicity and the conclusions drawn by Charles Murray in [Coming Apart](#) and by Robert Putnam in [Our Kids](#). ...

The men and women who feel left behind in or cut off from the global economy didn't necessarily get to where they are because of the welfare state. They got there because work disappeared, and

they didn't have the skills or resources or energy to cope. Unfortunately but crucially, in the absence of family, community, and tradition, the welfare state is the only attachment – impersonal, uncaring, but present – these people have.

Indeed, it seems that voters are tempted by figures like Donald Trump and Bernie Sanders precisely because of their intuition that the challenges facing America are much greater than any one set of causes or institutions, and do not conform to the division between government and the market that framed political life during the twentieth century. The welfare state may be superannuated and sclerotic – this is government we're talking about here – and it is no doubt part of what can only be described as our collective demoralization. But it is only a part. And it may be part of the answer, too.

## 3 – PESSIMISM, DOUBT, CYNICISM

Matthew Hennessey writes at [city-journal.com](http://city-journal.com):

Nothing works, it seems. The economy, politics, the media, government, higher education – everything is broken. Those essential elements of society no longer work, and we don't expect them to work. Brokenness is the new normal. The only thing that works – the only thing that's rewarded – is cynicism.

Everyone has a theory about where the cynicism comes from. The Left blames big corporations, racist cops, Fox News – everyone and everything that it associates with privilege and abuse of power. The system is corrupt, they say; tear it down and start over. Build a progressive paradise atop the rubble of this failed experiment called America. It's a philosophy rooted in suspicion about the Founding and expressing doubt about the meaning and validity of the Constitution.

The Right blames the liberal media, the radicals in the academy, the censors at Facebook, and President Obama – the forces of so-called “progress.” The system is corrupt, they say; let's turn back the clock and start over. Correct the mistakes. Bring back the jobs. Bring back the culture. Make America great again. It's a political stance skeptical of change, hostile to cultural relativism and ill-defined notions of justice, pessimistic about the abilities of experts and professionals to solve tough problems.

The dominant and disorienting attribute of America in 2016 is that nothing is what it seems or, more accurately, what it actually is. On the campuses, intolerance is tolerance and censorship is free speech. In our public bathrooms, boys are girls and men are women. In our cities, the forces of protection are the forces of aggression. Stagnation is recovery; poverty is prosperity; war is peace. ...

- Market and industry analysis
- Strategic business direction
- Growth dynamics

- Trend identification and analysis
- Keynotes and presentations
- Proprietary research and reports

*Trend Analysis That Builds Business Decisions*

## SOLUTIONS

### 4 – ARGUE NATIONALLY BUT ACT LOCALLY

Ronald Brownstein, writing at [theatlantic.com](http://theatlantic.com):

Though the tumultuous 2016 presidential race has riveted and polarized the nation, most Americans are still looking to local, not national, institutions for progress on the country's key challenges, the latest Allstate/Atlantic Media Heartland Monitor Poll has found.

While nearly two-thirds of Americans say they consider the 2016 race more important than other presidential elections, only about one-third say they expect major progress on the issues they care most about if their favored candidate wins.

And far more Americans said “progress ... on the biggest challenges facing the country” was more likely to come through initiatives from

“businesses, local governments, non-profits, and Americans themselves” or “individuals taking action in their communities” than by “electing a president you mostly agree with on the issues.”

These findings suggest the same discontent with government and the nation's overall direction that has turbocharged interest in the presidential contest also may be dampening expectations about its ultimate impact. After years of stalemate and partisan paralysis in Washington, these results signal that most Americans' first instinct now is to look for change instigated from the bottom up rather than the top down.

The political credo the poll suggests might be summarized as: Argue nationally, act locally. ...

### 5 – LONG-TERM DEBT THREATENS ECONOMY BUT SOLUTIONS EXIST

From [The Solutions Initiative](#) by The Peter Petersen Foundation:

Despite recent improvements in short-term deficits, America remains on a dangerous long-term fiscal path that threatens our future economy.

The nonpartisan Congressional Budget Office (CBO) projects that, under current law, federal debt will climb from 74% of gross domestic product (GDP) in 2014 to more than 100% of GDP in 25 years. Under its less optimistic alternative scenario with economic feedback, CBO predicts that debt could rise to a staggering 183% of GDP over the same time period. These levels far exceed debt's 50-year historical average of approximately 40% of GDP.

With retirement and healthcare programs growing at a faster pace than tax revenue, our fiscal outlook is unsustainable – and that affects our economy.

Absent reforms, rising interest costs will crowd out programs that invest in our future, including education, infrastructure, research and development, and national security. Federal borrowing could crowd out private investments that promote growth in the economy. In addition, programs that protect the most vulnerable Americans could face sharp, sudden reductions. ...

In 2011, the Peter G. Peterson Foundation launched the Solutions Initiative to demonstrate that comprehensive solutions to the nation's long-term fiscal challenges do exist. This unique project convened policy organizations from across the ideological spectrum to put forward comprehensive plans for stabilizing America's fiscal outlook in the decades ahead. Importantly, each group successfully stabilized America's debt over the long term, demonstrating that there is indeed a range of viable options available to policymakers.

# Growth STRATEGIES

## Consulting in:

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## Providing:

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The following summarizes their recommendations:

### AMERICAN ACTION FORUM

- Tax reform
- Entitlement reform
- Immigration reform

### AMERICAN ENTERPRISE INSTITUTE

- Make healthcare programs more efficient
- Better target Social Security
- Switch to a growth-friendly consumption tax

### BIPARTISAN POLICY CENTER

- Tax reform

- Control of healthcare cost growth
- Greater public investments

### CENTER FOR AMERICAN PROGRESS

- Grow the economy by strengthening and expanding the middle class
- Slow healthcare cost growth
- Increase federal revenues

### ECONOMIC POLICY INSTITUTE

- Increase spending for public investments
- Strengthen America's social welfare system
- Raise additional revenues

## 6 - GROWTH IS THE ANSWER TO EVERYTHING

John Cochrane writes at [The Grumpy Economist](#):

Sclerotic growth is the overriding economic issue of our time. From 1950 to 2000 the US economy grew at an average rate of 3.5% per year. Since 2000, it has grown at half that rate, 1.7%. From the bottom of the great recession in 2009, usually a time of super-fast catch-up growth, it has only grown at two percent per year. Two percent, or less, is starting to look like the new normal. ...

Looking forward, solving almost all our problems hinges on reestablishing robust economic growth. Tax revenue equals tax rate times income, and growth determines how much income there will be. The amount of tax revenue our government has available to pay off debt and to pay the ballooning social security and health care expenses depends almost entirely on economic growth. Larger tax rates can't come close to raising that much money. ...

Let us work on the simple, common-sense things that everyone knows are broken, everyone understands are retarding growth, and that when fixed can increase growth.

**POLITICS** Do not transfer incomes by distorting prices or slowing competition and innovation.

**FINANCE** Risky investments must be largely financed

by issuing equity, not by borrowing very short-term money. When that happens, the mass of regulation is simply not needed in order to stop financial crises.

**HEALTH** We need to allow simple, portable, largely catastrophic, lifelong, guaranteed-renewable health insurance to emerge. Right now it's illegal.

**ENERGY AND ENVIRONMENT** Impose a simple and straightforward carbon tax.

**TAXES** Practically everyone agrees on the basic structure of a growth-oriented tax reform: Lower marginal rates. To raise revenue at lower marginal rates, broaden the base, i.e., remove exemptions and loopholes. And massively simplify the code.

**SOCIAL PROGRAMS** Design programs with more attention paid to marginal disincentives.

**LABOR LAW AND REGULATION** There are few economic activities in which the government throws more obstacles than that of hiring someone. America needs a vast deregulation of its labor market.

**IMMIGRATION** Who is allowed to enter the country? Who is allowed to work here? These are completely separate issues. Restrictions on work do nothing to address security.

**EDUCATION** The solution to awful public schools is simple: widespread financing by vouchers, and charter schools.